Treasury Proposals Receive Funding in Governor's Recommended Budget

Secure-choice retirement program, income tax deductions for saving both included

In releasing his Fiscal Year 2023 recommended budget, Governor Carney showed his support for two important initiatives of the Office of the State Treasurer.

Ensuring a way for all Delawareans to effectively save for retirement even if they have no access to an employer sponsored program, the Governor included funding to cover a portion of the startup cost of the Delaware Expanding Access for Retirement and Necessary Savings (EARNS) Program as proposed by House Bill 205. DE EARNS is a secure-choice program that amounts to State-facilitated, universally available retirement savings plans, providing a convenient way for all workers to save for retirement, particularly middle and low-income workers who lack access to employer-sponsored plans and small businesses that are unable to provide such a benefit.

"DE EARNS addresses three major priorities of my office; bolstering retirement security and readiness, creating pathways to economic empowerment, and promoting a culture of financial excellence," said State Treasurer Colleen Davis. "I am grateful to the Governor and his budget team for including the necessary funding in their comprehensive spending plan."

DE EARNS would be available to Delaware workers whose employers do not already offer a workplace retirement plan, self-employed individuals, and others who want an easy way to save. It will allow more people to save for retirement, reduce the need for additional taxes to fund public assistance programs, and even incentivize people to return to the workforce knowing a retirement plan will be available.

Sponsored by Representative Larry Lambert and Senator Nicole Poore, and endorsed by the Delaware AARP, League of Women Voters of Delaware, and Delaware Community Reinvestment Action Council, and others, H.B. 205 received approval from the House Labor Committee in June 2021 and assigned to House Appropriations.

The Governor's recommended budget also included funding to offset tax benefits to Delawareans who contribute to two state-sponsored savings plans.

House Bill 145, sponsored by Rep. Krista Griffith and Sen. Paradee, creates a personal income tax deduction of up to $5,000 per year for contributions to a DEPENDABLE account, and up to $1,000 for contributions to a DE529 account.

"People with disabilities and their families use Achieving a Better Life Experience (ABLE) accounts to save for the future without jeopardizing their state and federal benefits, so in a sense, this tax deduction can be even more worry-free money to save," said Treasurer Davis. "The deduction for contributions to DE529 accounts shows we value education but don't want to see our graduates burdened with student loan debt."

House Bill 145 passed the House in June 2021, was reported out of the Senate Education Committee, and then assigned to the Senate Finance Committee.